

building blocks



November 2005

The online newsletter of the Michigan State Housing Development Authority
Vol. 1, issue 5

MSHDA Sells Bonds to Provide Low-Cost Home Mortgages

Nearly 1,300 Jobs Created for Jobs Today Initiative

Up to 550 low- to moderate-income Michigan families and residents will become homeowners with new low-cost mortgage loans from MSHDA, the agency has announced. The funds will generate nearly 1,300 yearlong

jobs in construction and related trades.

MSHDA has sold \$80 million in bonds to private investors, which will be used to fund loans that carry an initial interest rate of 5.125 percent.

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Thanks to an \$80 million bond sale, MSHDA will be able to help more families across Michigan realize the dream of homeownership.

MSHDA Receives High Credit Rating

Standard and Poor's Rating Services recently raised its issuer credit rating (ICR) for MSHDA from a 'AA-' to a 'AA' rating.

The increased credit rating is an honor to the Authority and its employees according to Executive Director Michael DeVos.

"This is very significant for us as an agency and for the people we serve," said DeVos. "This upgrade is a tribute to all staff here at MSHDA."

MSHDA sells bonds to private investors to finance its multifamily and single-family programs. A higher credit rating qualifies the Authority for better interest rates to sell bonds at lower yields, thereby lowering the interest rate on the loans offered and in turn making the housing it finances more affordable.

According to Standard and Poor's, the credit rating reflects the Authority's consistently strong financial performance, healthy loan loss reserve position and very strong portfolio management.

"As one of the first few state housing agencies to receive Standard and Poor's top-tier status in 1986, MSHDA has consistently

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Action Plan Moves Ahead; Important Work Continues

Since last we communicated, a great deal of progress has been made as our workgroups move toward issuing their initial recommendations for the five-year strategic plan for Michigan's affordable housing community. I have visited many of the workgroup meetings and I am amazed with the exuberance and high levels of energy demonstrated at these sessions.

Though the planning process is taking a fair amount of time, there are many other activities occurring throughout the Authority that deserve to be mentioned.

First and most motivating, we have recently put together a plan to absorb several staff members from

More than 1,000 of the poorest people in the state will be helped with their affordable housing needs due to a \$150 million set aside approved for the preservation of federally assisted housing

the Michigan Economic Development Corporation and as a result, have been in a position to make some economically viable organizational changes in MSHDA's internal structure. This unexpected development has taken a great deal of staff time, especially that of our Human Resources liaison, Angela Huntoon, and we are extremely grateful for her perseverance throughout this project. Changes that will occur in the process are the separation of our Single Family division from Finance and the focus of our attention on increasing production and mortgage activity.

We are all particularly excited about the creation of a **Municipal Revitalization division** and the **SE Michigan Development division**, which we believe will further strengthen our partnerships in the Detroit area. More information will be forthcoming in the near future.

Four of our homeownership programs serving lower-income families and four staff members have been brought together to establish policy objectives to best fit the needs of this population. **Cheryl Tulloch, Sharon Evans, and Trevor Winterowd from the Office of Single Family and Sandy Pearson from Existing Housing** are reviewing the **Key to Own Program, Employer Assisted Housing, Links to Homeownership and IDA/Family Self-Sufficiency**. They will make recommendations on how these programs can work together effectively in getting our lower income families into homeownership. We are indebted to them for their teamwork and dedication in this very important venture.

Another staff member, **John Hundt from the Office of Multifamily Development and Construction**, has been instrumental in our **Preservation Program** and as a result, more than 1,000 of the poorest people in the state will be helped with their affordable housing needs due to a \$150 million set aside approved for the preservation of federally assisted housing. This is just another example of the great work performed by our talented staff.

In addition, interviewing for the **MSHDA deputy director is complete**, and we were indeed impressed with the quality and talents displayed by the candidates. Stay tuned for more information in the near future.



Michael DeVos

Our new **Supportive Housing and Homeless Initiatives Division** has begun staffing up just in time for **Homeless Awareness Week this month**. Janet Irrer and Debbie Irwin have spent countless hours traveling about the state conducting training sessions and speaking to the issues that will be addressed within the new MSHDA division. Their passion for the critical issues of homelessness and prevention has not gone unnoticed by their colleagues.

As the end of 2005 rapidly approaches, it is safe to say that **together we have made a great deal of headway in our planning process** and we are looking forward to getting our workgroups' initial recommendations out to you by the end of the year. We plan on conducting several statewide public forums so that everyone will have input before the recommendations are finalized. In the meantime, be sure and visit our Web site at www.michigan.gov/mshda to stay up to date with the progress and status of each of our strategic planning workgroups.

Developer Builds National Presence

Reprinted from August 29, 2005
Crain's Detroit magazine
By Jennette Smith

Bernard Gliberman has been a MSHDA board member since 2003. He was recently elected vice chairman of MSHDA's board.

When Bernie Gliberman and Mark Singerman hear about a good real estate opportunity in an out-of-state market, they jump in Gliberman's plane and fly there.

During the past four years, Crosswinds National, an entity created by Gliberman, president and CEO of Novi-based Crosswinds Communities Inc., has forged a role as a national developer and home builder in pockets of the country with high population growth. It has

focused on land assembly and building in states such as California, Arizona and Florida.

"Bernie has been the antithesis of Michigan developers," said Singerman, senior vice president of Crosswinds National. "He's always been of the mindset that you can't see the world from your office."

Crosswinds National has assembled more than 4,500 acres so far, making way for 17,625 home lots, plus retail and office at some projects with mixed-use elements. The value of the projects, once built out during the next five to 10 years, exceeds \$500 million, Singerman said.

Some of the large Crosswinds projects include Bellevue Ranch, an 865-acre master-planned community in Merced in northern California; Brambleton, a 2,000-acre



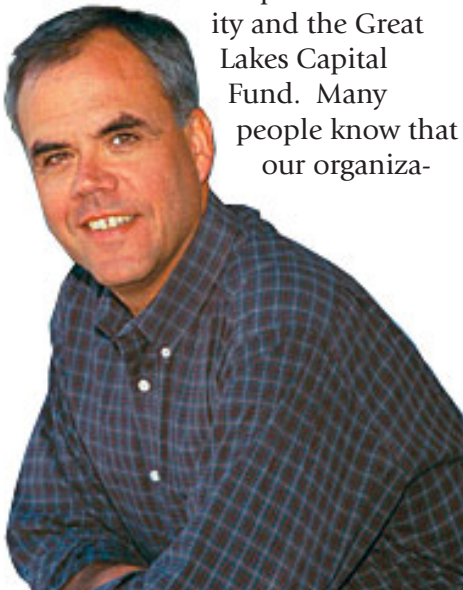
master-planned project in Loudoun County, Va; Benson Farms, a 760-acre project near Denver; and Overtown, an urban redevelopment in downtown Miami on 30 acres.

The emphasis on national projects provides a way to diversify
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History of a Great Partnership with MSHDA

By Mark McDaniel, Executive Director,
Great Lakes Capital Fund

There is a great history of partnership between the Michigan State Housing Development Authority and the Great Lakes Capital Fund. Many people know that our organiza-



tion was actually the brainchild or vision of former MSHDA Director Terry Duvernay and was brought to reality by former MSHDA Director Jim Logue and one of his key employees, Jeanne Peterson. Little did they know at the time how quickly the Capital Fund would outstrip their expectations, repaying the seed capital loan early and growing quickly into a valuable resource to the local development community. Originally, there was a plan for just one equity investment fund, yet here we are 12 years later, assembling our 12th equity fund, bringing our total investments of equity, loans and grants for affordable housing up \$900 million.

It was clear early on that the Capital Fund would be a good partner to MSHDA, offering the ability to underwrite some of the

worthy yet difficult-to-do development deals, to bring a greater flexibility to the development process, and to offer a creative approach to the financing of special initiatives. Over the years, it has often been MSHDA that was able to see a problem that perhaps went beyond the scope of its core mission, spawning special initiatives in community development and economic development where the Capital Fund was the partner applying the solutions. **Through it all, MSHDA has provided great leadership to our organization and others with a stake in improving the environment in which affordable housing grows in Michigan.**

Over the past few years, new products from the Feds and a more global view of affordable housing
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HOMELESS AWARENESS WEEK 2005: WE END IT HERE. WE END IT NOW.



Governor Granholm has proclaimed that November 13-19, 2005 will be designated as Homeless Awareness Week for the state of Michigan. This year's theme, "We End it Here. We End it Now," sends a strong call to action to all Michigan residents.

Homeless Awareness Week is a statewide campaign to educate the public about the many reasons people are homeless, the shortage of affordable housing for low income people, and the diligent work that homeless assistance

Children are the fastest growing group of people experiencing homelessness. Today, the average age of a homeless person in this country is nine years old.

providers are doing to bring relief to those most in need. MSHDA, in association with the Michigan Coalition Against Homelessness, is spearheading the drive. On a year-round basis, MSHDA administers federal money as well as its own funds to finance a variety of programs designed to expand the supply of housing services for the homeless.

"We have a commitment to our homeless families and children. We must work together as a state to help them find affordable, safe and clean housing. I have confidence in our communities, leaders and faith based organizations to become the driving force in our fight to end homelessness. Let's end homelessness here. Let's end homelessness now," said Governor Granholm.

Homelessness affects every community in Michigan – all age groups, all racial and ethnic

groups, and families with children as well as individuals. The truth about homelessness contradicts the stereotypical view of chronic alcoholism and street people suffering from mental illness. Studies show that between 35-40 percent of people experiencing homelessness are families and children. Children are the fastest growing group of people experiencing homelessness. Today, the average age of a homeless person in this country is nine years old.

Statewide, more than 750 providers of shelter and services bring help to homeless families and individuals. Tens of thousands of people sleep in emergency shelters in Michigan each night, and many others take refuge in cars, campsites, abandoned buildings, and other places unsuitable for humans to reside. As a result, an accurate number of homeless people in Michigan is hard to obtain.

In October a statewide point in time count will be done to identify all of our homeless men, women and children. The national count takes place in January, but because of the cold temperatures it is nearly impossible for an accurate count in Michigan. The October count will allow Michigan to tally the homeless that would otherwise be unaccounted for. The report from that study can be found on MCAH's Web site.

"The reality is that we have the technology, we have the resources, and we have the know-how. We simply haven't shown the public will to make the words a reality," said Christina Riddle, executive director of the Michigan Coalition Against Homelessness.

Michigan citizens from all walks of life are encouraged to volunteer or make a donation to one of the local programs working to help solve the problems faced by homeless people, while at the same time our leaders are working toward long-term solutions. For more information visit mihomeless.org.



This year's Homeless Awareness Week promotional poster and flyer depict the most overlooked segment of the homeless population, children.

Improving the Lives of Michigan Citizens



MSHDA Assists in Hurricane Katrina Aftermath

By Ashley Mead,
Communications Coordinator

After the devastation of Hurricane Katrina, states all over the nation stepped up to the plate to take action and assist as many victims as possible. The City of Detroit was one of the areas where evacuees were taken, by bus, from New Orleans. The Detroit City Airport became a one-stop place for evacuees to take care of the business necessities that they would have otherwise had to figure out for themselves. Organizations such as Michigan Works, the U.S. Postal Service, Detroit Public Schools, and many others had booths set up to help evacuees become familiarized with their new environments. Medical facilities were set up for anyone who needed medical attention, shots, or even routine physical exams.

MSHDA was one of the many organizations represented at the Detroit City Airport after the devastation of Hurricane Katrina. Evacuees did not have to scramble all over town to take care of business, making it convenient and less of a hassle for those who had already been through so much.

MSHDA's role was to work face-to-face with the evacuees, guiding them into local temporary and permanent housing. MSHDA employees worked diligently in conjunction with the Michigan Housing Council and HUD to locate available subsidized housing for the evacuees. MSHDA employees contacted local homeowners requesting that they house people and letting them know the importance of shelter in the aftermath of the hurricane.

"We went above and beyond our



(far right) MSHDA staffers Michele Whitmore and Willa Ray assist a Katrina evacuee.

call of duty and it gave everyone a level of comfort they would not have had otherwise," said MSHDA representative Michele Whitmore.

During the four weeks that MSHDA was there, they serviced over 190 evacuees.

"We really only had a small number of people compared to all those who were affected by this tragedy," said Whitmore. "Not only were we there to interpret the policies, but we provided hands-on assistance to those in need. Our job was two-fold."

It was slightly unnerving for some MSHDA employees who were headed to Detroit. After having seen the tragic events on television, most were unsure of what to expect, but were pleasantly surprised with the evacuees. "I was really astonished at the resilience of the people and the diversity of those affected," said MSHDA representative Willa Ray. "There were students, elderly and business owners who were all affected by this tragic event and it

really made people come together."

According to Kim Horton, a MSHDA representative from Lansing, "Everyone had a different story to tell. People had us laughing throughout our time there and they had a much more positive outlook than we expected."

MSHDA was extremely pleased with the responses they received from the agents. Their actions were immediate and their concerns showed that they were willing to help. The agents did all that they could by providing discounts and reduced security deposits. Some even offered 1-2 months free rent for the evacuees.

This was a positive experience not only for those who received the assistance of the Michigan organizations, but also for those employees who helped serve those in need.

"It made me realize that you have to think about the what if's. These people were amazing. Their spirits were unbroken," said Whitmore.

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Acting Deputy Director Named to Board

Rick Ballard, acting deputy director, was elected to a two-year term on the Board of Directors of the Council of State Community Development Agencies (COSCDA) at its Annual Meeting in Cleveland in September.

COSCDA is the national association of state offices administering the Community Development Block Grant (CDBG). In addition, COSCDA has major program components for state government offices serving as HOME Participat-

ing Jurisdictions and as administrators of federal homeless program funding. MSHDA has major program components in all three of these federally funded areas.

Besides advocating for full funding for these federal programs, COSCDA plays a crucial liaison role with HUD in such areas as consolidated plan issues, performance measurement, allocation formula issues, best practices, and federal program policy.



Acting deputy director Rick Ballard

History of a Great Partnership with MSHDA

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within the context of a whole community has created an aggressive growth model for the Great Lakes Capital Fund. We have successfully evolved beyond being simply a syndicator of the Low Income Housing Tax Credit for the development of affordable housing. **There are several programs that have taken shape, are in place and beginning to yield results among our three core service areas of Affordable Housing, Economic Development and Youth Leadership.**

Space does not allow for me to elaborate on the several programs under Affordable Housing and Youth Leadership, but I wanted to put the spotlight on the newest partnership effort between the Capital Fund and MSHDA. **Under our Economic Development service area, the new Michigan Magnet Fund, utilizing the New Markets Tax Credit, is another great example of program innovation, using the best talents of each organization for the improvement**

of communities in Michigan.

The Michigan Magnet Fund actually represents a partnership between MSHDA, Capital Fund and the Michigan Economic Development Corporation (MEDC). The fund offers investment capital through the New Markets Tax Credit

The Great Lakes Capital Fund is honored to have the trust and partnership of the Michigan State Housing Development Authority.

specifically for the promotion of commercial and retail ventures and jobs creation in communities where affordable housing development has already occurred. MEDC fulfills the role of acquisition and jobs creation, MSHDA gives its expertise in lending and targeting housing communities, and the Capital Fund will supply the fund management and administration of equity for the long term. Our first allocation for the Michigan Magnet Fund is for

\$60 million and we have great hopes for another positive allocation round in the near future. I am happy to report that our initial efforts at marketing the Michigan Magnet Fund yielded 16 pre-applications which have come down to seven deals being submitted for approval.

In my opinion, the Michigan Magnet Fund is another great example of visionary leadership from MSHDA that has been put into action through trusted partnerships. The Great Lakes Capital Fund is honored to have the trust and partnership of the Michigan State Housing Development Authority.

Great Lakes Capital Fund now operates in three states — Michigan, Indiana and Wisconsin — and has achieved industry and nationwide recognition for its activities around the development of affordable housing and community financial resource development. It was established in 1993 as nonprofit organization with a seed capital loan from the Michigan State Housing Development Authority.

MSHDA Wins National Award for Homeownership Program

MSHDA has been named the outstanding state housing finance agency in the country for one of its homeownership programs.

The award winning program is MSHDA's The "Key to Own" Homeownership Program, which offers a homeownership option for certain qualified families that hold a MSHDA Housing Choice Voucher (HCV). Tenants who meet program requirements are able to use their voucher subsidy toward a mortgage on a home rather than toward their rent.

The award was presented to MSHDA executive director Michael DeVos on September 26 at the 35th annual conference of the National Council of State Housing Agencies (NCSHA) in Boston.

"At MSHDA, we strongly believe that everyone has a right to achieve the American Dream," DeVos said. "We are pleased to accept this award, because it reaffirms our efforts to improve the lives of those Michigan families who have the fewest housing options."

In the Key to Own Program, families typically are earning at least 40 percent of area median income and paying 30 percent of their monthly gross income toward homeownership expenses. MSHDA pays the difference between the family's total tenant payment and the actual monthly mortgage payment.

In order to qualify for the program, families must:

1. Have participated in MSHDA's HCV Tenant-Based Rental Assistance Program for one year and be in good standing with the program;
2. Be enrolled in the Family Self-Sufficiency Program (FSS) or an Individual Development Account program; or the head of the household must be elderly or a person

with a disability;

3. Be employed full-time (averaging at least 30 hours per week) for not less than one year unless elderly or disabled;

4. Have actual earned income of at least \$15,000 (people with disabilities or individuals over 62 may have an income of \$10,300).

Participants must complete Financial/Economic Literacy counseling and Homebuyer Education counseling. Post-purchase homeowner education or counseling are also required.

Participating families must receive pre-qualification for a mortgage and mortgages must be fixed-rate (adjustable rate mortgages, balloons, variable interest mortgages and buydowns are not allowed). Minimum down payment is 3 percent of the purchase price

with at least 1 percent from personal savings.

Chartrese Carter, a single mother in Muskegon, had just been told she would have to move out of her subsidized apartment due to a change in ownership when she learned of MSHDA's Key to Own program. She qualified for the program, completed the homeownership counseling and purchased a home of her own.

"If it wasn't for the MSHDA program, I would never have considered buying a house," Carter said. **"The program gave me all the confidence I needed because before this, I didn't know anything about buying a home."**

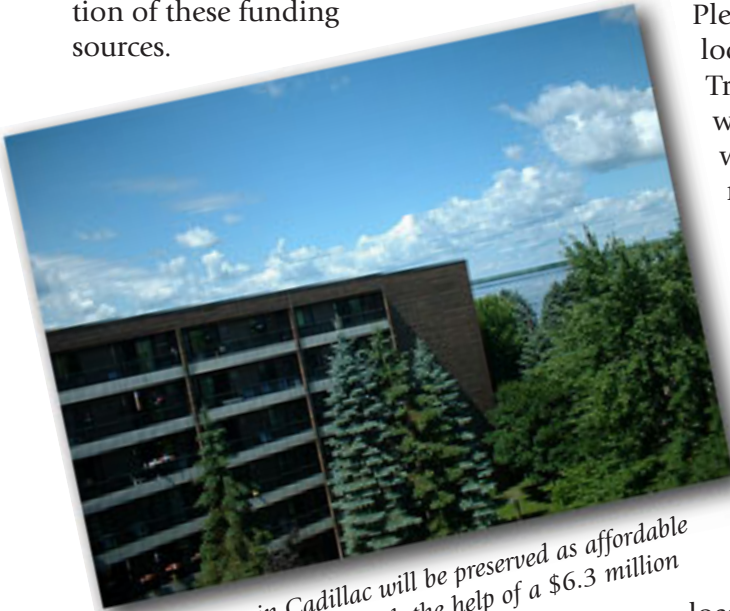
For more information on the Key to Own Program, contact MSHDA's Office of Existing Housing at (517) 241-4474 or (517) 335-7291.



Sandy Pearson, coordinator for the Key to Own program, holds the Award for Program Excellence. Also pictured is Richard H. Godfrey, president and executive director of NCSHA and MSHDA executive director Michael DeVos.

MSHDA Makes \$150 Million Available for Preservation of Affordable Housing

Due to the elimination of the federally funded project-based new construction program in the early 1980s, and the funding for the companion rural program in the 1990s, the housing stock reserved for the poorest members of our society has not been produced since the termination of these funding sources.



Harbor View in Cadillac will be preserved as affordable housing for the elderly with the help of a \$6.3 million MSHDA loan.

As a result, the only significant housing stock available for people at or below federal poverty level are the roughly 100,000 apartments in Michigan, which were funded through these defunct federal programs. Since these units were constructed twenty to thirty years ago, the buildings are often in fair to poor condition. And, in areas where there is a strong housing market, these projects may convert to market rate rentals or condominiums, thereby displacing tenants, and removing the stock from the affordable housing inventory. **No additional federal resources are available to address this growing problem.**

To address this need, MSHDA has set aside \$150 million for the preservation of these affordable housing units. Recently, the MSHDA board approved loans for four projects that will be rehabilitated and maintained as affordable housing.

Isabella County. In Mt. Pleasant, **Oxford Row I**, located on Canterbury Trail in Mt. Pleasant, will be rehabilitated with the help of a \$8.5 million MSHDA mortgage. The development consists of 62 units for seniors and 68 units for families. Also in Mt. Pleasant is **Oxford Row II** which will be renovated with the help of a \$8.5 million MSHDA mortgage

loan. The project consists of 149 units for seniors and 56 family units. Rehabilitation for both projects is expected to be completed by November 2006.

Shiawassee County. Kona Villa, located on Shiawassee Street in Owosso, has 72 units for seniors and 48 family units. It will be renovated with the help of a \$6.5 million MSHDA loan. Rehabilitation is expected to be completed by December 2006.

Wexford County. Harbor View, located on South Street in Cadillac, will be rehabilitated with the help of a \$6.3 million MSHDA loan. The development consists of 131 units for seniors. Rehabilitation for Harbor View is expected to be completed by December 2006.

Developer Builds National Presence

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from Crosswinds' traditional homebuilding in Michigan.

Singerman described a feverish pace of travel, land purchases and sales, and site-plan work. Crosswinds National has 100 employees, primarily in Novi and Ft. Lauderdale, Fla., and is outgrowing its Novi office space within the same building as Crosswinds Communities. Crosswinds plans to set up an office in California's central valley in 2006.

"I surround myself with detail people."

Glieberman said he travels frequently scouting deals but leaves a lot of transaction particulars to Singerman and Larry Wilkinson, vice president acquisitions and development for Crosswinds National, and other staff.

"I'm not a good detail person," Gliberman said. "I surround myself with detail people."

Crosswinds uses various financing methods: traditional lenders, mezzanine lenders and equity investors, Singerman said.

Detroit-based Soave Enterprises L.L.C. is another local company with out-of-town real estate as a major focus. In fact, Soave is managing partner of Brambleton after Crosswinds initiated the company's original investment, Singerman said.

According to Michael Hollerbach, senior vice president of Soave Enterprises, "Mr. Soave and Soave Enterprises have found Mr. Gliberman and Crosswinds to be a very professional and capable real estate development company."

MSHDA Announces Low-Cost Home Mortgages

Nearly 1,300 Jobs Created for Jobs Today Initiative

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"Michigan has been a national leader in making housing more affordable for low and moderate income families. Through this program, more hard-working families in Michigan will be able to realize their dream of homeownership," said MSHDA executive director Michael DeVos. "As an added bonus, the creation of nearly 1,300 jobs impacts the Jobs Today Initiative, providing well paying jobs for workers throughout the state."

Homebuyers with household incomes ranging from \$60,700 to \$69,800, depending on the location of the property, may qualify for the 30-year loans to buy new or existing homes, according to DeVos.

Buyers may purchase a home costing up to

\$182,000 to \$209,400, depending on the location of the property.

First-time homebuyers with incomes of 80 percent of county median or less (adjusted for family size) also may qualify for up to \$5,000 in down payment assistance if also eligible for a MSHDA Single Family mortgage.

"We recognize that many homebuyers can afford mortgage payments but have limited resources for the down payment needed to buy a home," DeVos said. "By offering this assistance, we can help families who otherwise might be shut out of the market."

Compared to conventional interest rates of 5.75 percent, MSHDA financing will save the buyer of a \$100,000 loan approximately \$39 per month in payments for principal and interest.

Applications for MSHDA loans are taken by approximately 115 lending institutions participating in the MSHDA program. Further details on Single Family low-interest loans are available on the Web site: www.michigan.gov/mshda.

MSHDA Receives High Credit Rating

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demonstrated strong performance in all areas considered for this designation," a Standard and Poor's official said.

MSHDA has had a successful track record of providing affordable housing throughout the state. MSHDA's financial performance has been progressively improving over the last seven years, according to DeVos.



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